

Message Text

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51

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 SSC-01 AGR-20 EB-11 OMB-01

COME-00 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01

USIA-12 PRS-01 SS-15 NSC-10 RSR-01 /124 W

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P R 111155 Z MAY 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 7603

INFO AMCONSUL RECIFE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 2791

E. O. 11652: N/ A

TAGS: (CIRNE LIMA, LUIS), (CAVALCANTI, JOSE MOURA), PGOV,
PDEV, PINT, EAGR

REF: BRASILIA 335

1. SUMMARY: MINISTER OF AGRICULTURE CIRNE LIMA RESIGNED FROM CABINET AS A RESULT OF ONGOING DISPUTE WITH FINANCE MINISTER DELFIM NETO. IN ADDITION TO PERSONAL ANTAGONISMS, THE TWO MINISTERS HAVE DIFFERED SHARPLY OVER GOB ECONOMIC POLICIES WHICH CIRNE LIMA VIEWS AS DETRIMENTAL TO AGRICULTURAL SECTOR. JOSE MOURA CAVALCANTI, FORMER HEAD OF INCRA, HAS BEEN NAMED AS NEW MINISTER. IT IS STILL TOO EARLY FOR CLEAR READING OF POLITICAL AND ECONOMIC CONSEQUENCES OF THIS RESIGNATION. DEPENDING ON WHETHER CIRNE LIMA WISHES OR NOT TO PURSUE IN PUBLIC HIS FEUD WITH FINANCE MINISTER, ISSUE COULD PERHAPS UNDERMINE DELFIM NETO' S POSITION, WITH ATTENDANT REPERCUSSIONS, OR COULD SUBSIDE WITHOUT SERIOUS CONSEQUENCES. EVENTS IN NEXT FEW DAYS SHOULD INDICATE WHICH TREND WILL DEVELOP. END OF SUMMARY.

2. MINISTER OF AGRICULTURE CIRNE LIMA TENDERED HIS RESIGNATION
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TO PRESIDENT MEDICI MORNING MAY 9, CULMINATING HIS DISPUTE WITH FINANCE MINISTER DELFIM NETO OVER GOB' S ANTI-INFLATIONARY POLICIES WHICH CIRNE LIMA FELT PLACED UNDUE SACRIFICES ON AGRICULTURAL SECTOR. CIRNE LIMA ALSO HAS

QUESTIONED OTHER OF THE FINANCE MINISTER'S POLICIES, SUCH AS EMPHASIS ON INTERNATIONAL CAPITAL RESOURCES AS VIABLE MEASURE FOR BRAZILIAN DEVELOPMENT SINCE IT TENDS TO FAVOR SELECT INDUSTRIAL CLASS AT EXPENSE OF OTHER SECTORS. HIS SUCCESSOR, APPOINTED LAST EVENING, IS JOSE FRANCISCO MOURA CAVALCANTI, FORMER PRESIDENT OF INCRA, GOVERNMENT COLONIZATION AND AGRARIAN REFORM AGENCY.

3. CIRNE LIMA'S DISSATISFACTION WITH WHAT HE VIEWS AS GOB'S LACK OF PRIORITY ATTENTION TO AGRICULTURAL POLICIES HAS BEEN AGGRAVATED OVER PAST YEAR. FOR INSTANCE, IN JANUARY 1973, CONFRONTATION BETWEEN CIRNE LIMA AND DELFIM NETO OVER REDUCING MEAT PRICES AND RESTRICTING MEAT EXPORTS AS DOMESTIC ANTI-INFLATIONARY MEASURE WAS TEMPORARILY PAPERED OVER (REFTEL). AT THAT TIME, CIRNE LIMA'S FEATHERS WERE SMOOTHED SOMEWHAT BY PRESIDENT MEDICI WHO WISHES TO PRESERVE THE UNITY OF HIS CABINET DURING THIS LAST YEAR OF HIS ADMINISTRATION. HOWEVER, THE BASIC CONFLICTS BETWEEN THE TWO MINISTERS PERSISTED AND EVENTUALLY LED TO CIRNE LIMA'S RESIGNATION YESTERDAY.

4. IN STRONGLY WORDED LETTER OF RESIGNATION PUBLISHED IN TODAY'S PRESS, CIRNE LIMA SAID DURING FIRST THREE YEARS OF MEDICI ADMINISTRATION, GOB HAD GIVEN PROPER ATTENTION TO AGRICULTURAL SECTOR, INCLUDING THE RURAL PRODUCER. HOWEVER, GOB'S EMPHASIS ON COMBATTING INFLATION HAS INTRODUCED DISTORTIONS IN ECONOMIC SYSTEM AND BURDEN OF BURDEN HAS FALLEN ON AGRICULTURE. AT TIME WHEN WORLD PRICES FOR AGRICULTURAL PRODUCTS ARE ON RISE, SAID CIRNE LIMA, GOB HAS RESTRICTED EXPORTS THUS DEPRIVING AGRICULTURAL PRODUCER OF HIS JUST REWARDS. HE STATED EMPHASIS ON CAPITAL SECTOR HAS ALSO HAD UNFAVORABLE CONSEQUENCES AND COMMENTED THAT MULTINATIONAL CORPORATIONS, WHILE HAVING A USEFUL ROLE, SHOULD BE CONTROLLED SINCE THEY HAD BENEFITTED WHILE AVERAGE RURAL PRODUCER SUFFERED. CIRNE LIMA ALSO LEVIED STRONG CRITICISM, WITHOUT MENTIONING BY NAME, AT FINANCE MINISTER, CALLING HIM "ARBITRARY ADMINISTRATOR" DOING DISSERVICE
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TO PUBLIC INTEREST. IN CONCLUSION, HE SAID IT WAS TIME TO LEAVE IN ORDER TO "RESTORE TO MY FATHER (FYI: A FORMER OPPOSITION CANDIDATE FOR GOVERNOR IN RIO GRANDE DO SUL) AND SHORTLY TO PASS TO MY CHILDREN, A NAME WHICH I SOUGHT TO MAINTAIN EQUAL TO THE TRADITIONS OF DIGNITY, INDEPENDENCE, FIDELITY AND HONOR."

5. JOSE MOURA CAVALCANTI (57) HAS BEEN HEAD OF INCRA SINCE AUGUST 1970. A LAWYER, HE HAS BEEN A POLITICIAN AS WELL AS ACTIVE IN THE LEGAL FIELD. BORN IN PERNAMBUCO, HE WAS MAYOR OF HIS NATIVE TOWN MACAPARANA (1949-53) STATE ATTORNEY GENERAL (1966), SECRETARY OF ADMINISTRATION

(1964) AND LATER SECRETARY OF PLANNING AND COORDINATION
(1966). HE HAS ALSO BEEN GOVERNOR OF AMAPA (1961). HE
HAS THROUGHOUT HIS CAREER SHOWN ABILITY AS A COMPETENT
ADMINISTRATOR, BUT IS VIEWED BY MANY AS AN ABLE POLITICIAN
AS WELL.

6. COMMENT TO FOLLOW.
ROUNTREE

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